



ERI UPDATE

Quarterly Notes For ERI Subscribers

The Evolving Nature of Assessors

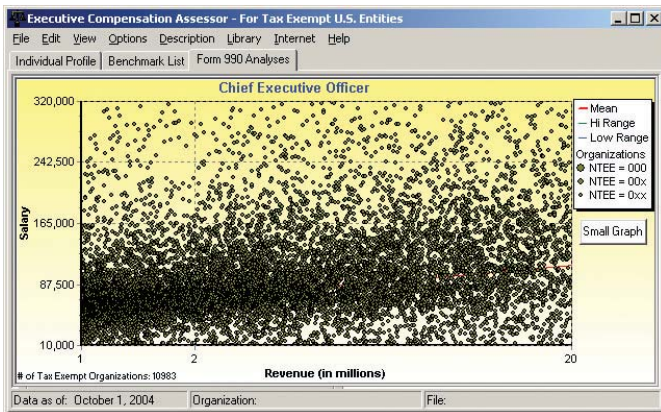
During ERI's attempt to save the abandoned *U.S. Dictionary of Occupational Titles* (eDOT now managed by PAQ Services, Inc.), much of the effort was divided among three versions: "demo" (illustration), "basic" (salary, FLSA, career, and hiring measures), and "enhanced" (job populations, work characteristics, and disability related measures). The parallel sequence of use is free, planning, and litigation. Most subscribers use the **Assessor Series** programs for "planning." The litigation uses include:

- **Geographic Assessor** (GA) has an H1-B immigration component
- **Relocation Assessor** (RA) awaits EEO applications of ERI's Job Availability Survey and 1990 - 2000 Census trend data
- **Salary Assessor** (SA) could be enhanced with executive jobs
- **Executive Compensation Assessor** (XA) now contains beta tests of both UK/EU data and U.S. tax exempt entities, the latter created for Intermediate Sanctions analyses

By the end of 2005, ERI plans to utilize the demo/basic/enhanced configuration to define all its products. The enhanced **Salary Assessor** will equate to a **Complete Consultant's Series** (CCS), with new enhancements planned for all other **Assessor** software. The 2005 CCS Subscribers will receive beta versions of all enhanced **Assessor** software as they are released. (The first **Assessor** evolution will be introduced in April 2005.)

Rebuttable Presumption

When Congress added Section 4958 to the U.S. Tax Code, they introduced two tax-exempt constructs built on Sarbanes-Oxley, which ERI believes will someday apply to all firms. The first is the ability of an entity to shift the burden of proof to the IRS with written compensation plans (rebuttable presumption). They also defined "reasonable compensation," a first for the Tax Code (all editions of the **Executive Compensation Assessor** software have complied). The scope is enormous: 1.2 million organizations fall under IRC 4958, along with over 13,000,000 member board seats.



New Research to be Incorporated in the enhanced Assessor Series

Utilizing the demo, basic, enhanced profile of the DOT - eDOT design and separating use (as best as possible) between corporate/salary planning (basic) and litigation support (enhanced), new features and datasets being incorporated for delivery in 2005 include:

- OCR reads of 300,000+/year IRS Form 990s from 2000-2005
- OCR reads of SEC data increasing "for-profit" databases by 30%, plus private data and ranking filters for comparables
- Moving XA Individual Profile and Benchmark List tab content into **Salary Assessor** for salary planning purposes
- Incorporating SalariesReview data collection into **Assessor Series** databases, focusing on UK/EU content in 2005/2006
- Incorporating contributed Internet data into **Assessor Series** skill-based pay analyses (PAQ's eDOT Skills Project)
- Implementing the EEO Census 2000 differentiation of ERI's Job Availability Survey Results for RA and GA
- Addition of LSA technology into research methodologies and **Assessor Series** applications (a tab now exists on XAte)
- Incorporating PAQ's eDOT Skills Project work measure data, the only study of its type specific to work in America
- Incorporating ERI's Job Availability Survey data into all **Assessor Series** products (and eDOT)
- Adding Comparables selection methodologies; subscribers may now select their own XA comparison peer groupings
- Plus offering free review of raw data at www.erieri.com, ERI's Platform Library Resource libraries, and www.paq.com

ERI's Executive Compensation Assessor - Tax Exempt Edition

Click on any dot on the Form 990 graph (shown at left) to pull up that organization's financial history (Years 2000 to present), a summary compensation table, and the *PDF of the Form 990 (or other filed documents) to assure that the OCR data extraction is accurate (also review a comparables/competitor's executive Benefits, Allowances, Contract Fees, and other related expenses).

For those of us who have been in the "compensation survey business" since the late 1960s, we have never in our wildest dreams imagined picking an industry (E24 - General Hospitals) and finding 10,354 "dots" on a graph, all sourced to raw data.

The January 2005 edition of ERI's **Platform Library** and the *ERI Update* newsletter, are mailed as early as possible in December. Paid 2005 subscribers can update all **Assessor Series** software via the Internet, usually well in advance of the first day of the quarter. Please visit www.erieri.com and click "Subscriber Dataset Updates" for more information.

RESEARCHER'S NOTES

New Features Released in January on ERI's Platform Library

There is no program change (addition or enhancement) that doesn't have a "hidden edge of the sword." January's redesigned **Executive Compensation Assessor** with the ability to create Comparables or Rank-by-Ratios, online Automatic Updates of all Assessor applications, and a new "Compare Job" feature in **eDOT's** Vocational Rehab edition are cases on point.

New Feature – Comparable Organization Screen: The **Executive Compensation Assessor** (all editions) has a redesigned Comparables Screen/tab allowing a subscriber create custom peer-group averages. Two new filters (in addition to Revenue Size and Text) include searching by various ratios (Rank tab) or Latent Semantic Analysis (LSA tab). Note: Tax exempt searches are by the "Highest Paid Executive," "Second Highest Paid Executive," etc.; the 'For Profit' edition utilizes executive titles.

New Feature – Automatic Updates: ERI has implemented an automatic update feature for **Assessor Series** applications. This new capability: 1) ensures that ERI subscribers (with an active Internet connection) will always know when updates are available; and 2) will do the "leg work" of finding the proper update file on ERI's server, downloading the update, and then starting the update installation program. For subscribers who take advantage of ERI's Dataset Updates web page, this will be a huge time-saver.

New Feature – eDOT's Compare: **eDOT's** Vocational Rehab edition has a new 'Compare Job' feature allowing selection of a single comparison job. Values for a comparable job can be contrasted against the highest normalized values from the Residual Functional Capacity (RFC) analysis. Any Comparable Job value that exceeds the RFC maximum value will be "flagged" (for use in litigation).

New Feature – Geographic Assessor's U.S. Census Data: If you haven't reviewed it, GA's Immigration | Census contains estimated 2005 (any month) EEO type data based on trended 1990 and 2000 census data, by state. Databases exist for all counties, but are too large for a CD-ROM. City and county data will be available in the enhanced GA and RA editions sometime in 2005.

Subscribers with comments and suggestions can use the File | email (top left) of any program to send suggestions. We thank you.

Intermediate Sanctions Webinar

Tax-exempt organizations need to be concerned about their liabilities under the new IRS Intermediate Sanctions regulations.

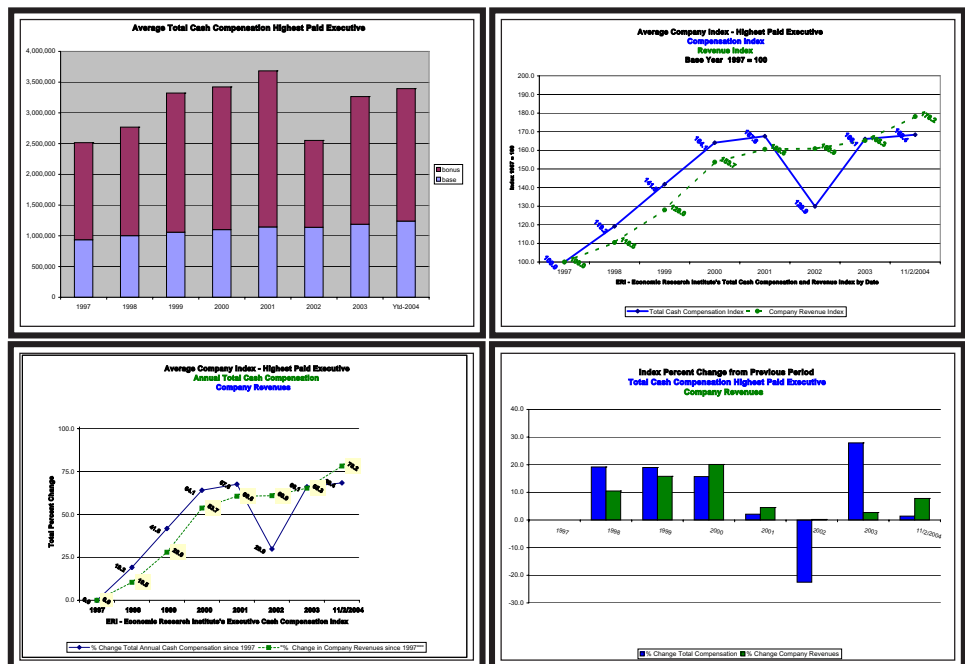
Executives and managers (including Human Resource managers) are subject to large penalties if a nonprofit's executive compensation is found to be excessive. Executive pay must be in line with that of similar organizations. But if properly set, a "safe harbor" approach can help establish a presumption of reasonableness. Find out about these new regulations, how they apply to you, and what you can do to protect yourself and your organization at ERI's one-hour webinar on January 18, 2005 (Price: \$89). To enroll, visit www.eridlc.com.

Executive Compensation

The highest paid executives in America saw their year to date (11/04) 2004 total cash compensation increase over levels received in 2003. Average 2004 YTD total cash compensation paid for the 45 CEOs in the Index is 3.95% higher than 2003 levels, according to the Executive Compensation Index. The November 2004 Average Company Executive Compensation Index stood at 168.4 compared to 100 for the year of 1967. Both the YTD 2004 average base salary for CEOs and average cash bonus paid showed increases over 2003 levels.

The ERI/WSJ Executive Compensation Index found average 2004 revenues among the 45 companies in the Index increased at a 2.34% annual rate compared to the year 2003. The November 2004 Average Company Revenue Index stood at 178.2 compared to 100 for the year of 1967.

Since 1997 the Average Executive Total Compensation Index increase of 168.4 compares to an increase in the Average Company Revenue Index of 178.2. All signs for the Year 2005 are positive; ERI foresees no change in this trend.



ERI PRODUCT ORDER SHEET

www.erieri.com

800.627.3697

This Order Sheet will change with the April 2005 introduction of demo, basic, and enhanced applications.

ASSESSOR SERIES® software databases (single annual subscriptions, updated quarterly)

- Salary Assessor® & Survey ERISA** \$ 829. \$ _____
- Relocation Assessor® & COL Survey ERIRA** \$ 829. \$ _____
- Geographic Assessor® & Pay Survey ERIGA** \$ 829. \$ _____
- Executive Compensation Assessor® & Survey ERIXA** \$2,289. \$ _____
- ERI's Platform Library® ERIPL** *(includes PAQ's revised Dictionary of Occupational Titles - 2005 FREE - DOT)*

PAQ's eDOT SKILLS PROJECT

- enhanced Dictionary of Occupational Titles eDOT** *(modern-day jobs with a CCS subscription)*
- revised Dictionary of Occupational Titles DOT** *(FREE, 2005 releases to include 1991 data error rates)*

PRODUCT SUITES

- Full Analyst's Series FAS** Single User License: \$1,979. \$ _____
Annual subscription (four quarterly updates) to **ERISA, ERIRA, ERIGA, ERIPL**
- Complete Consultant's Series CCS** Single User License: \$2,979. \$ _____
Annual subscription (four quarterly updates) to **FAS plus ERIXA and eDOT**
(for U.K./E.U. editions, see www.erieri.co.uk)
- Global Remuneration Series GRS** Single User License: \$3,979. \$ _____
Annual subscription (four quarterly updates) to **CCS** plus all U.K./Euro editions

LAN/WAN ASSESSOR SUBSCRIPTIONS

- Single Local Area Assessor Series Network Subscription with # of users = _____ \$ _____
Additional 75% for an Assessor LAN license; add 50% for each added user above 2.

OTHER RESEARCH PRODUCTS Single hardcopy edition

- Geographic Reference Report 2005** (available 12/04) \$429. \$ _____

DISTANCE LEARNING CENTER All ERI Distance Learning Center (DLC) courses are delivered exclusively via the Internet. You can register for these courses and for DLC seminars by going online to www.eridlc.com. Earn PHR, SPHR, JCA, CPE, CRCC, CE, CCP, CBP, GRP or CLE continuing education credit.

Downloads are available via the Internet www.erieri.com Subscriber Annual Web-Based Content Access Fee: \$19.55 \$ _____

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8575 - 164th Avenue NE, Suite 100 ♦ Redmond, Washington 98052 USA ♦ tel 800.627.3697 ♦ fax 800.753.4415
www.erieri.com ♦ info.eri@erieri.com ♦ U.S. FEIN 33-0356443



INSTALLATION GUIDELINES

(See: INSTALLCD.TXT)

NEW SUBSCRIBERS: ORDER AND INSTALL ERI'S SOFTWARE FROM THE INTERNET

For those who have access to the Internet, all of ERI's software products may be purchased, downloaded, and installed from www.eri.com.

1. From ERI's home page click "Subscribe/Order" (left-hand side, top).
2. Complete the required information and follow the instructions to download and install the applications.

ERI's Platform Library may also be downloaded and installed from the Internet (at no charge).

1. Go to www.eri.com.
2. Scroll to the bottom of the page and click on the link to ERI's Platform Library and DLC Wizard.

CURRENT SUBSCRIBERS: UPDATE ERI'S SOFTWARE FROM THE INTERNET

1. Go to www.eri.com.
2. Click "Subscriber Dataset Updates."
3. Scroll down the screen and click on the **Assessor Series** software product that you wish to update.
4. Follow the instructions as they appear.
(Note: It is not necessary to run an installation using a license code each quarter. If you have already installed a license code during the current subscription year, then you should utilize the "automatic update" for all the following quarters from the same personal computer.)

CURRENT SUBSCRIBERS: UPDATE ERI'S ASSESSOR SERIES SOFTWARE FROM THE CD-ROM

1. Run ERI's Platform Library/CD-ROM (see related instructions below).
2. You will be prompted automatically to update the **Assessor Series** software and databases to the new quarterly release. Follow the instructions as they appear on your screen. **Unless you change PCs during your subscription year, you will not need to re-enter a license code.**

If you are a new subscriber, please select "Install" from Options for New Users. If you are a returning subscriber, please click "Yes" to upgrade when prompted. If you have recently purchased an upgrade to your subscription and need to install using a new license code, go to the main screen and select the **To Install | Install Assessors Using License Code** menu.

HOW TO RUN ERI'S PLATFORM LIBRARY, PAQ's DOT & ERI'S DLC WIZARD CD-ROM

1. Check the date printed on the front of the CD-ROM to make sure that it is for the most recent Quarter.
2. Place the CD-ROM in your CD-ROM drive and shut the drive door.
3. The CD-ROM should auto-run. (After approximately 5 seconds, the CD-ROM drive light should start to blink and you should hear the CD-ROM running. After another 5 - 10 seconds, you should see **ERI's Platform Library** beginning to load on your screen.)

If after 30 seconds the CD-ROM does not auto-run, contact your organization's internal technical support department. Something may be wrong with your CD-ROM drive or device drivers. Try to run the CD on another computer or try using the following secondary procedure:

1) Click the Windows Start button, then click Run; 2) Type `d:\eri.exe` (assuming that d:\ is your CD-ROM drive); and then 3) Click "OK".

GENERAL INSTALLATION INFORMATION

ERI's software applications are designed to run on Windows 98, NT, 2000, ME, and XP. Each quarter, a CD-ROM is mailed to subscribers from which all software applications may be installed. In addition, all software applications may be downloaded and installed from the Internet. For more information on installation options, please select **Help | Topic Search** from any of ERI's software applications and search for related topics using the keyword "installation" or visit **ERI's Online Technical Support** (from www.eri.com, click **Free Analyst Resources**, then click **Technical Support**). Better yet, sign up for an **Assessor Series Training Symposium** (also via the **Free Analyst Resources** Web page). Call any weekday between 5 AM and 6 PM PT: 800-627-3697. (www.eri.co.uk, call +44 (0) 131 247 6827.)

The screenshot displays the ERI website interface. At the top, there is a navigation menu with links for Site Map, Free Analyst Resources, Research Training, eDOT Project, and a Chatboard. Below this, a section titled "Your Compensation & Benefits Research Outsourcing" features a "Subscribe/Order" button and links to "Geographic Salary Comparisons" and "Salary Survey Analyses". A quote from a client states: "Plotted dots and trend lines in executive compensation analyses where you can audit the data, including full profiles and 10-Ks, I've never seen anything that approaches the Assessor!". The main content area is titled "ERI DISTANCE LEARNING CENTER" and includes a "Geographic Salary Differentials" banner. A navigation bar contains links for "Enroll", "My Account", "Credit", "Courses", "Seminars", "Software", and "Log In". A "CUSTOMER CHAT UNAVAILABLE" notification is present. The "Account Login" section has fields for "Username:" and "Password:" with "Login" and "Enroll" buttons. A "Demo Download" link is also visible. The "DLC Seminars" section lists upcoming events: "ERI Software Training" (November 30, 2004), "Job Analysis Seminar" (December 1-2, 2004), and "ELSA Seminar" (December 3, 2004). The "Career Development" section describes online courses for compensation and benefits training. The "Continuing Education Credits" section lists various credits available, such as PHR, SHRM, and CPA CPE credits. A "Testimonial" from Karen Mortimer, PHR, is included. The "Certification Types" section is partially visible at the bottom.

ERI Economic Research Institute, Inc.
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ERI's continuing mission is to provide consistently excellent market pricing information and research relating to compensation, cost-of-living, HR demographics, and benefit issues. ERI does not provide fee-for-service consulting.

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